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Congressman

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**STATEMENT OF THE HONORABLE STEVE BUYER  
CHAIRMAN, MILITARY PERSONNEL SUBCOMMITTEE  
HEARING ON TRICARE PHARMACY REDESIGN &  
MEDICAL CLAIMS PROCESSING**

Over the last two years, the subcommittee has taken major steps toward improving the way in which the Department of Defense provides health care to its Medicare-eligible beneficiaries. As a result, a Medicare Subvention demonstration program is underway, and an FEHBP demonstration will be implemented in January 2000.

Last year, as a part of the Fiscal Year 1999 National Defense Authorization Act, the subcommittee directed another initiative: that DOD undertake a top-to-bottom redesign of its pharmacy system. In part, this initiative was intended to assess whether sufficient reform and savings might be generated so as to enable DOD to provide all DOD Medicare-eligibles with a full pharmacy benefit. More broadly, with an eye towards improving the effectiveness of the DOD pharmacy system for all DOD health care beneficiaries, the subcommittee directed that the best business practices of the civilian health community be made part of the Department's reform.

I look forward to the testimony of the witnesses on our first panel, not only to provide us a sense of how far DOD has come in designing the pharmacy reform effort, but also to give us their perspectives on the directions that such reform might take.

Although I initially intended to devote this hearing only to examining pharmacy redesign, it has become apparent that continuing problems with TRICARE implementation also demand the subcommittee's attention. Recently, the vexing problem of claims processing has emerged as a critical issue. I say "a critical issue" because inefficiencies in the current system seem to be causing at least two major problems:

- The first is that the credit ratings of military personnel and other beneficiaries have been undermined because the TRICARE claims processing system can't seem to make consistently timely payments to providers. This is an intolerable situation. It would seem reasonable and

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“doable” to me that we could design and implement a medical claims processing system of sufficient rigor and responsiveness that it doesn’t wreck the financial health of the very people the system is trying to help.

- The second problem is that because of late claims payments, no payments, and administrative hassles in getting paid, health care providers are walking away from TRICARE, or deciding not to join TRICARE networks at all. Such trends potentially threaten the overall stability of the TRICARE system, and these trends need to be stopped.

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